S. HRG. 101-75

NOMINATION OF ALFRED A. DELLIBOVI

HEARING

BEFORE THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

THE NOMINATION OF ALFRED A. DELLIBOVI, OF NEW YORK, TO BE UNDER SECRETARY OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, VICE CARL D. COVITZ, RESIGNED

MAY 31, 1989

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NOMINATION HEARING OF ALFRED A. DELLIBOVI, OF NEW YORK, TO BE UNDER SECRETARY OF HOUSING AND URBAN DEVELOPMENT, VICE CARL D. COVITZ, RESIGNED

WEDNESDAY, MAY 31, 1989

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The committee met at 10:50 a.m. in room SD-538 of the Dirksen Senate Office Building, Senator Donald W. Riegle (chairman of the committee) presiding.

Present: Senators Riegle, Dixon, Sasser, Shelby, D'Amato, Gramm, Bond, and Pressler.

OPENING STATEMENT OF CHAIRMAN RIEGLE

The CHAIRMAN. I want to call Mr. DELLIBOVI to the witness table.

[Pause.]

The CHAIRMAN. Mr. DelliBovi, we will wait just a minute until the room clears.

[Pause]

The CHAIRMAN. Could I ask staff to close the door? We want to make sure that the noise subsides in the hallway before we begin.

Mr. DelliBovi, the committee welcomes you, and you certainly are nominated for a very important assignment. It is one that is of great interest and concern to this committee.

I want to make sure that we have an opportunity this morning to discuss some of the issues that face us. I have an opening statement that I am going to make, and I know that Senator D'Amato wants to make some introductory comments in your behalf. After I have made my statement, I will call on Senator D'Amato for that purpose, and he can do that from the committee table.

Let me first congratulate you on your nomination to be Under Secretary for the Department of Housing and Urban Development. Clearly, you have an enormous challenge ahead of you, and I think one of the most demanding of any of the positions that the administration has to fill.

The members of this committee look forward to working with you and with Secretary Kemp in addressing our nation's housing and community and economic development needs.

When the Department of Housing and Urban Development was created nearly 24 years ago—it does not seem it can be that long—

its mission was to promote development in our urban communities, to assure that all Americans would have a safe and decent place in which to live, and to encourage the home-building and financing industries to advance equal housing opportunities for all.

While we made some substantial progress toward improving the quality of life for many Americans, we obviously have an enormous challenge still ahead of us in meeting current housing needs with very limited resources.

During the past 8 years, funding for our HUD programs has been cut more severely than for any other programs in the federal budget. According to CBO, assisted housing has been cut by 81 percent in real terms since 1980. It is hard to fathom reduction of that scale, given the housing needs that are out there.

The section 202 program, which serves the elderly and handicapped, has been cut by 50 percent. And the Community Development Block Grant Program, one of the last programs left that enables local communities to try and respond to fundamental housing and human needs, has been cut by 47 percent.

As Under Secretary of the Department, you will be responsible for advising Secretary Kemp and the President on a wide variety of issues that directly affect the lives of millions of Americans, and we look forward to hearing your views this morning in a number of areas that run the gamut of HUD programs. I will not list them all. I will put that part of my statement in the record.

But it goes to the variety of issues as to whether or not we are really in a position to see to it that our people can have their basic housing needs met, particularly in our urban areas where the problems often are so very severe.

[The complete prepared statement of Chairman Riegle follows:]

COMPLETE PREPARED STATEMENT OF CHAIRMAN RIEGLE

The CHAIRMAN. Good morning Mr. DelliBovi, I want to welcome you before the committee this morning and to publicly congratulate you on your nomination to be the next Under Secretary for the Department of Housing and Urban Development. You have an enormous challenge ahead of you. And I, as well as the other members of the committee, look forward to working with you and Secretary Kemp in addressing our nation's housing and community and economic development needs.

When the Department of Housing and Urban Development was created nearly 24 years ago, it's mission was to promote development in our urban communities; assure that all Americans would have a safe and decent place in which to live; and encourage the home building and financing industries to advance equal housing opportunities for all.

Despite substantial progress toward improving the quality of life for many Americans, you will have an enormous challenge ahead of you in meeting current housing needs with very limited resources. During the last 8 years, funding for these programs has been cut more severely than for any other programs in the Federal budget. According to the Congressional Budget Office, assisted housing has been cut by 81 percent *in real terms* since 1980. The section 202 program which serves the elderly and handicapped has

been cut by 50 percent. And the Community Development Block Grant program has been cut by 47 percent.

As Under Secretary of the Department of Housing and Urban Development, you will be responsible for advising Secretary Kemp and the President on a wide variety of issues that directly effect the lives of millions of Americans. And we look forward to hearing your views this morning in a number of areas including:

What you believe to be the proper role of the Federal Government is in developing housing opportunities for low and moderate income people?

What changes might you support to existing programs like FHA that would promote home ownership?

What is the outlook for vital community development programs like the Community Development Block Grant (CDBG)?

What initiatives, if any, is HUD preparing to help our nation's distressed communities rebuild and provide economic opportunities for their citizens?

What initiatives, if any, is HUD preparing to strengthen existing programs to better target the needs of the homeless, the elderly, and the handicapped.

At this point, I will yield to my colleagues for any statements they may have, and I look forward to your testimony this morning.

With that, I want to yield to Senator D'Amato, who knows you very well and who has a strong interest in this nomination.

Senator D'Amato.

OPENING STATEMENT OF SENATOR D'AMATO

Senator D'AMATO. Mr. Chairman, I am pleased at the opportunity to introduce to the committee a friend of long standing, Alfred A. DelliBovi, as this committee addresses his nomination as Under Secretary of the Department of Housing and Urban Development.

Mr. DelliBovi has a proven track record as a fine and capable administrator and a dedicated public servant. He distinguished himself in service to the people of the State of New York as an outstanding state legislator, having been voted "legislator of the year" by a number of groups, very prestigious groups, not the least of which was the community of the New York City Student Senate, the college of people who are rather tough taskmasters in grading people.

They came to grade this so-called conservative Republican as the outstanding legislator of the year. And that is not a student body, the City University of the City of New York, which generally gives out those kinds of accolades. Because in spite of political philosophy, his is one dedicated to service and legitimate need. He rises above partisan politics, and gives dedicated service in its truest and finest traditions.

He has distinguished himself as the Deputy Administrator of Urban Mass Transportation, and for the past year-and-a-half as the Administrator of the Urban Mass Transit.

His judgment is sound, Mr. Chairman. His standards are high. And most importantly, his integrity is beyond reproach.

Mr. Chairman, we have had a period of low morale and the loss of focus at the U.S. Department of Housing and Urban Develop-

ment. I cannot imagine a bigger booster to this agency than Al DelliBovi. He will tackle the difficult problems, and he will face head-on those issues, for all too long issues that have been swept under the rug. Al DelliBovi will bring organization and life to an agency which administers billions of dollars to those who are attempting to find a decent place to live, for the homeless, and in which an agency has the opportunity to restore the dream of home-ownership to thousands of young families across our Nation.

I wholeheartedly endorse this nomination, the nomination of Alfred DelliBovi, as Under Secretary of the U.S. Department of Housing and Urban Development. This nomination is an idea whose time has come.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator D'Amato.

Senator Bond, did you have an initial comment to make?

OPENING STATEMENT OF SENATOR BOND

Senator BOND. Thank you, Mr. Chairman.

Unfortunately, I am going to have to attend another meeting, but I have reviewed Mr. DelliBovi's opening statement, and I would concur in most of the fine things that Senator D'Amato has said.

I have had the pleasure and privilege of working with Mr. DelliBovi, and I know that his record of effective administration, of attention to serving the people who are supposed to be the recipients of the aid and assistance of the Federal agency, is above reproach. I also am very delighted with his nomination because of the need to assure fairness in the operation in the Department of Housing and Urban Development.

As Senator D'Amato has said, Mr. DelliBovi comes to the Department of Housing and Urban Development when it is in need of revitalization, rejuvenation, and effective administration. I believe that his record and his performance at UMTA and throughout his public service indicate that he will be an outstanding servant for the people, and he will be a great addition both the Department of HUD and to this administration.

I look forward to supporting his nomination with enthusiasm.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Bond.

With that, let me ask you to stand, Mr. DelliBovi.

[Whereupon, Alfred A. DelliBovi was duly sworn.]

The CHAIRMAN. Do you further agree to appear and testify before any duly-constituted committee of the Senate?

Mr. DELLIBOVI. I do.

The CHAIRMAN. Thank you. You may be seated.

Let me first of all indicate to you that the strong support you have from Senator D'Amato and his knowledge of your history and background I think is very important, and very important support for your nomination. I also want to acknowledge the comments of Senator Bond as well, who just spoke.

Let me now invite you to make any opening comments that you wish to make, and we will go from there.

STATEMENT OF ALFRED A. DELLIBOVI, UNDER SECRETARY-DESIGNATE, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. DELLIBOVI. Thank you, Mr. Chairman, and members of the committee, and Senator D'Amato particularly.

I come before you today as a grateful American. I am grateful that two Presidents have seen fit to nominate me to national positions of trust and responsibility, giving this boy from Queens the opportunity to live a dream of public service.

I am particularly grateful to Senator D'Amato for his kind comments and warm friendship throughout the years. I am grateful to my wife, Liz, who is here with me today, as she has been throughout the years. I am grateful, as well, that this committee honored me in 1987 by recommending my confirmation as Administrator of the Urban Mass Transportation Administration in the Department of Transportation. In December of 1987, the full Senate followed your lead, by confirming me in that position.

Now, President Bush has nominated me to be Under Secretary of the Department of Housing and Urban Development. I deeply appreciate his confidence in me, as well as the confidence expressed by HUD Secretary and your former Congressional colleague, Jack Kemp.

What I am finding now is that the two departments, Transportation and Housing and Urban Development, share a closer relationship than the proximity of their headquarters on Seventh Street here in Washington. These two departments deal in real-life issues that affect the quality of life for real people: where they live, work, and play, and how they get there.

I am truly a fortunate person to have the opportunity for service in both of these departments. The view I hold, fine-tuned over 8 years with UMTA, four terms in the New York Assembly, and a professional life in between, is very simple. Programs work best when they are implemented in full partnership with the people they are designed to help.

The fact is that jobs, housing, home-ownership, economic opportunity, and a drug-free society, are more than identifiable goals of President Bush, Secretary Kemp, and the Congress. These are American goals that must be held as sacred elements of the HUD mission.

My record at UMTA is an open book for members of this committee, and it is a record of which I am proud. UMTA once was an agency whose productivity was spotty, at best. Its sufficiency was rightfully questioned by its constituency, the people who use mass transit every day.

Now, we turned UMTA around by introducing advanced office automation, expedited and simplified grant procedures, and bedrock private-sector values such as customer service and cost effectiveness.

In addition, we implemented programs which offered exciting new opportunities for women and minorities, who so often had been left out of the mass transit industry. We actually decreased the paper work burden on UMTA grantees by 29 percent, and cut administrative expenses by 12 percent. And even while doing this,

UMTA's productivity was enhanced to such an extent that it was the Department of Transportation's nominee for the President's Productivity Award in 1988.

At UMTA, I recognized a direct relationship between policy priorities, specific program initiatives, and leadership. I also found in a very real sense that good management works.

That is the theme that I would like to embrace at HUD. The six policy priorities have been identified by the President and Secretary at HUD, and they are worth mentioning here today:

A commitment to end homelessness, particularly for families with children;

Economic development, through free enterprise zones to encourage entrepreneurship and job creation in distressed inner cities and rural areas;

Maintaining the supply and the availability of low-income housing, and recapturing the American dream of home ownership by making housing more affordable for first-time home buyers;

Empowering the poor to control their own lives through initiatives, such as resident management and ownership of public housing;

Promoting a drug-free America, particularly in public housing;

Finally, full enforcement of the new Fair Housing Law, by providing the needed resources for timely and effective investigations and resolution of all fair housing complaints.

Already, the necessary internal restructuring has begun to ensure that these long-term goals are achieved at HUD. Upon my confirmation and swearing in, I expect the Secretary to assign to me the task of coordinating working groups which are now developing specific recommendations on each of these goals.

Now, I have heard it said that the position of HUD Under Secretary is like the chief operating officer of a large corporation. If that is true—and I certainly hope to find out for myself soon—I will make this pledge to you: I will do all that I possibly can to assure that HUD programs operate without favoritism and for the fullest possible benefit of the people in need.

Secretary Kemp's directive in this regard is clear and unequivocal. He has demanded, and I agree wholeheartedly, that HUD programs should be administered consistent with statutory requirements, ethically, and efficiently.

Not too long ago, Secretary Kemp said in similar proceedings before this committee, "We want to give the people the ability to seize new jobs and opportunities for themselves, to make decisions about their own lives, and to secure a better life for their children."

Without illusions about the problems facing us, and with recognition that Government cannot solve all the problems, I will do everything in my power to uphold our American heritage as one nation under God, a nation that respects the rights of others, shows compassion for those in need, and advances equality of opportunity for all.

In that spirit, I offer myself to you as the President's nominee to be Under Secretary of the Department of Housing and Urban Development.

Thank you, and I will be pleased to respond to your questions.

The CHAIRMAN. Very good. I appreciate your statement.

During the last 8 years, as I mentioned earlier, funding for HUD programs has been cut more severely than for any other program in the Federal budget. I will repeat, according to CBO, assisted housing has been cut by 81 percent in real terms since 1980. Section 202, which serves the elderly and the handicapped, has been cut by 50 percent, and the Community Development Block Grant Program has been cut by 47 percent.

I want to ask you the direct question, as to whether or not you think HUD now has adequate resources to meet our nation's current housing needs. Are we sufficiently funded at HUD, when you match the dollars in the budget and the scale of the issues that HUD is being asked to address? If not, in what areas would you like to see funding increased?

Mr. DELLIBOVI. I believe the funding issue can only be looked at in terms of the overall Government budget and how much money is available. Clearly, the President has recommended as much money in his budget as he believes is available at this time.

But at the same time, the Secretary and the Administration internally have begun a dialogue. We are starting fresh. We recognize that budget problems are upon us. We still operate within the framework of the Gramm-Rudman-Hollings law. We still have tremendous budget problems facing us.

But we also have some solutions that can be tried, some new approaches. Senator D'Amato's legislation, sponsored with Senator Cranston, has some refreshing ideas, ideas which will bring to solving this problem not only government-appropriated money, but also funds from the private sector.

Our challenge together is going to be to develop a strategy that maximizes the effectiveness of the available federal dollars, and that also brings in some new sources of revenue, and that does this in both the housing programs and the economic development programs.

It may be that such a strategy is going to call for a request for more money. Secretary Kemp is not a bashful individual, as you know. He has already demonstrated the ability to request more money, to succeed in requesting more money, internally within the administration. And I think that you are going to find that, as the Secretary said at his swearing-in, HUD is open for business.

That means that we are open for new funds. We are open for new ideas. But more importantly, we are open for new solutions to these housing problems.

The CHAIRMAN. Is that another way of saying that if, in your professional judgment, more money is needed to meet an urgent problem, you are going to raise your voice and fight for those needs within the Department?

Mr. DELLIBOVI. I am certainly going to fight for the needs and the funds for the Department. But I am also going to tell you, Mr. Chairman, that I am going to be fighting very hard as the chief operating officer, if you will, to make sure that the funds that are appropriated are properly used.

It disturbs me no end that the funding available, for instance, in the rehabilitation program, the C-HAP program, that there are millions of dollars—actually, billions, if you add it up—unspent. I

lived with this at the Urban Mass Transportation Administration, a situation in which an industry was always looking for more money, but never seemed able to spend the money that had been appropriated. I am very concerned about that, the ability of the public housing authorities to make use of the funds that are in the pipeline.

It troubles me no end that here in this city, for instance, you have hundreds and actually thousands of housing units that are vacant, while there are thousands of people looking for housing units. The reason they are vacant is that the public housing authority is not able to spend the money that has been awarded to it to modernize those units and make them fit for habitation.

So I believe, and I have shown it at UMTA and the New York State Assembly as well, that in Government we need not only dollars, but we also need some accountability. We have got to make sure that the dollars that are being awarded to these agencies are being used for the people they are supposed to benefit.

The CHAIRMAN. Let me ask you this. There is a story in the New York Times today about this Mod Rehab Program scandal that has broken, where people like James Watt and others received huge consulting fees without doing anything to deserve it other than to be an intermediary and make a phone call to secure a politically-connected grant.

There is a quote attributed today in this article to Ms. Deborah Gore Dean, who was one of the major players in HUD as you know. I am trying to find the exact quote, but the article cites a quote by Ms. Dean from an article in the Wall Street Journal, in which she states to the effect that, the way this money was put out, it was put out according to a kind of political connection, political linkage, and that that is really the way that the program was run.

In effect what is the big surprise? In other words, that was the way that was thought to be proper at that time, within that group of administrators.

I want your assurance that not one dime is going to go to anybody in HUD that you know about and hear about and have any contact with directly or indirectly, based on political connections, political influence, or what-have-you.

I would like your assurance right now that you will not only not be a party to that kind of activity, but if you hear about it in any other instance you will put a stop to it immediately.

Mr. DELLIBOVI. Mr. Chairman, you have my assurance that I will fight to root out that kind of an approach to funding. I have presided over a very large discretionary program at the Department of Transportation for a number of years. No one has participated in that program in the manner so described.

I can assure you that I will not tolerate it, nor will Secretary Kemp—and I think he has already demonstrated that by his approach to this past practice. HUD is open for business, but we believe that the business of HUD is serving the people for whom these programs are intended.

We intend to have criteria and standards for the award of dollars which may fall into a discretionary category. And we intend to uphold those standards. I think, as I have said, it is clear that the

Secretary has already taken steps to correct the problems that are disclosed in the Inspector General's report.

As a matter of fact, it was because of Secretary Kemp's action that this report became public. I can assure you and tell you from the inside that he was propelled to action as soon as it came to his attention, and that the action that he has taken is corrective not only for this program, but we are going to be looking at a series of other programs, and look to make any corrections that may be necessary.

The CHAIRMAN. I am glad to have your direct and unequivocal commitment and statement to that effect. I have also felt that the swiftness with which Secretary Kemp acted was appropriate. He has a reputation as a straight-shooter, so that has been a healthy development.

I want to cite the exact quotation in the article today out of the New York Times, which cites this quotation from Ms. Dean in her interview with the Wall Street Journal from which this quote comes, saying that the Mod Rehab Program at HUD was, "set up and designed to be a political program." "Set up and designed to be a political program."

I want to make absolutely certain, as this chairman, that there is no political program of any sort, manner, or type, in HUD. I want you to be the guy that, if you find any of it, if you hear any of it, if you sense any of it—I want you to report it. I want you to report it to the committee.

I want you to be absolutely vigilant in making sure that we not only go back and try to clean up the problem that is behind us, try to recover whatever monies can be recovered; but I want to make sure that there are no political programs in HUD.

I take it that your comment is a categorical assurance that there will be none.

Mr. DELLIBOVI. If we find any, we will change the rules of those games. But I can assure you that our intention is to run it fair and square, straight and even. There should be no political programs at the Department of Housing and Urban Development, or for that matter anywhere in the Government.

The Government programs are meant to serve the people, all of the people, the people for whom the programs are designed. That should be done without regard to politics. I do not think that there is any Republican or Democrat, or liberal or conservative, way to build a house or to clean up a housing situation. There is just one way to do those jobs, and that is the right way. And that is the way that Jack Kemp and President Bush want it done.

I can assure you that I will be among the first—and I suspect that Jack Kemp would probably be on the phone to you faster than I would—but we will have a race, or whatever. You can be sure that we will be cleaning up whatever we find there.

The CHAIRMAN. Let me yield now to Senator D'Amato.

Senator D'AMATO. Mr. Chairman, I think you have gone to the heart of what obviously has been an issue of great concern, as it relates to favoritism and not based upon legitimate need.

Later, I will expand, Mr. Chairman, because I have made an inquiry as it relates to that section 8 MOD rehab. To the best of my knowledge, it was one inquiry, and it was based primarily on the

fact that I had learned that two communities had received a disproportionate allocation of those funds, while San Juan, the largest city desperately in need, and the administration for the entire island—the name of the consortium escapes me at this time—also had made a request.

And while their request had not been acted upon, the smaller communities had been singled out to receive what many considered to be a disproportionate allocation. It was on that basis that I spoke to the then-Assistant Secretary, first by telephone. I indicated to him that I thought that something was not right. That was subsequently followed up by a meeting in which I indicated to him my concern as it related to the allocation to the various communities involved.

I would stress at this point, Mr. Chairman, that never was my inquiry made as it related to a specific project or a specific developer; but rather as it related to the names of San Juan and other communities whose officials at various times had come to me, advised me of their needs, and the fact that the regional administrator had also spoken to me.

I think it is absolutely essential, though, that we reestablish the confidence of the American people in the fact that the scarce dollars that are made available will be used judiciously, and based upon need, and not based upon the nature of how the application is submitted, or who might be the representative who is putting forth the application. Need, true need, should be the test.

I am heartened by Mr. DelliBovi's responses, and I must say that I do not find them surprising.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator D'Amato. Did you have any questions that you want to pose to the witness at this point?

Senator D'AMATO. No, I have no questions.

The CHAIRMAN. I am going to raise a couple of others, and then we will submit the rest for the record.

Mr. DelliBovi, homelessness, as you know, is certainly a major problem in our country, and virtually everywhere throughout the country. What is your current sense as to the size and the scope of the homelessness problem?

Mr. DELLIBOVI. Well, Senator, Mr. Chairman, it has been very difficult to place a number, an exact number, on homelessness. That has been part of the issue.

The fact of the matter is that whatever the number is—and there is great debate among the academics—the fact of the matter is, any amount of homelessness is too much homelessness in a country that prides itself and has a record of providing a tremendous amount of good, quality shelter to so many people.

I had the experience over the weekend of visiting in my hometown in New York City, and it was tragic to me, as I walked around with my children, to find in every corner of the city—whether it be Castle Clinton, whether it be further uptown, Central Park, whether it be at the ferry terminals or the subways—homeless people in just about every corner of that city.

It is not only New York City, it is on the grates here in Washington, and in the cold weather. And it is—I know that the problem has reared its head in your hometown of Flint. And indeed, as I

travelled around the country, as the UMTA administrator, I saw it in almost every city I visited.

So whatever the extent of the problem, it is a big problem, and it requires a total effort to solve it. One of the things that Secretary Kemp has focused on is the fact that it is not just a housing problem. It is not enough to simply put housing, roofs over these folks heads, because in many cases they need additional assistance.

In many cases, these folks are homeless because they do not have a job, or because there has been some tragedy in their lives. Whether it be loss of a job, or alcoholism, or drug addiction, the loss of a loved one, whatever it is, a tragedy that requires additional services, more than a roof over the heads of these folks.

As you know, the Administration has called for the full funding of the McKinney Act in the next fiscal year. We have also requested additional funds for transitional services and other homeless programs. The Secretary has indicated that his nominee for Community Planning and Development, Anna Kondratas will be the point person at HUD, the point person for a total program that includes the other transitional services that are necessary to do the job.

Many of these services, I must point out, Mr. Chairman, are services over which we do not have control over at the Department of Housing and Urban Development, because they are social services, they are health services, they are education services. But we will help to devise strategies that will encourage the local officials to comprehensively approach this individual human tragedy.

I can assure you, whatever the number, I will not be satisfied until I can take my kids back to New York City and not see homeless individuals all over the place.

The CHAIRMAN. Let me ask you, if you would, I would like you to initiate through your people that you would be working with at HUD, a discrete contact to each one of the 50 States. I would think that each State government now has an estimate, a current estimate, of the number of homeless in their State.

It is difficult, of course, to try to pin down these numbers. But I would assume that each State has a figure that is their best estimate. I would appreciate it if you, as part of your submission for the record, would have a summary put in of those responses for the 50 States; so that we can see what each State is estimating, and what that total looks like, so that we really, together, have a starting point as a way to put as discrete a focus on this as we can, for openers.

At that point, let me now yield to the Chairman of the Senate Budget Committee, who is a member, of course, of this committee, Senator Sasser.

Senator SASSER. Thank you very much, Mr. Chairman.

Just a couple of questions. Let me ask you this one. To what do you attribute HUD's failure to promulgate regulations dealing with the Mod Rehab Program? Is it normal to operate a program without the regulations?

Mr. DELLIBOVI. Senator, in my experience, it is not. My experience comes from the Department of Transportation. I will be honest, I was absolutely amazed. And you know, I thought I had

seen just about everything, coming from New York City—but I was amazed to see that program, the way it was operating.

I come from the Urban Mass Transportation Administration, as you know, and there we have an elaborate system of approval documents that accompanies each decision that is made by the administrators, starting at the bottom in the field offices: approval memoranda, where a project or a grant or an award is recommended, up the line.

It is interesting to note that the Urban Mass Transportation Administration originally came from the Department of Housing and Urban Development, in 1968. And the people who had been at UMTA all along told me that the form for those documents came with it from HUD. Well, somewhere during the 20 years, that approach to documenting approvals seems to have been lost, at least it was lost with the Mod Rehab. Program.

I am looking at the other persons as well. I can tell you that it is one of the items on my agenda, to restore that kind of documented approach for awards and decisions that come to the Secretary. They not only leave you a good record, but frankly they protect the person who is ultimately signing it.

I have no doubt about any grant that I have signed at UMTA, because I have a clear record of qualified and career people, I might add, who recommend these things, all coming up through the associate administrator for grants management at UMTA. I am giving you the UMTA example just to give you the flavor, that there is a way to do this right. The Mod Rehab Program, for whatever reasons, seems to have strayed from that way of documenting decisions.

Senator SASSER. Well, as I understand it, the way our housing programs are administered, a party that is interested in implementing a housing program ought to be able to contact the appropriate department at HUD to find out information about available housing funds and programs, and then apply, based on the merit of his or her project.

Now, apparently, consultants were used as intermediaries between HUD and the developers. In your career at the Urban Mass Transit Administration, were consultants used as intermediaries for grants at the Department of Transportation?

Mr. DELLIBOVI. At UMTA, all of the grants, as at HUD, flow to public agencies. Sometimes, a public agency would have their own staff shepherding the grants through, and sometimes they would have hired hands. But the agency, UMTA, always dealt directly with the public agency. That might occasionally deal with consultants who on behalf of these public agencies who came in, but the one thing that I am sure of that we never had happen at UMTA, at least reasonably sure, is this sort of contingency fee basis, where the consultants were paid based on how many rewards they were able to obtain.

There is a big difference between UMTA and HUD. And at UMTA, if an award is made by the Federal agency to the local public agency, they then have to go out and competitively award the project. And as I think members of this committee know, it has sometimes been a bone of contention: somebody orders buses before they have got the grant in hand, and that kind of thing.

But there has to be free, fair, and open competition after they receive the award. If they do not, if they have proceeded beforehand, it is disallowed at the audit stage. That has happened in many communities, and I have had to say "No," to members of Congress, and governors, and all kinds of people who said, "well—but"; the fact of the matter is, if you do not follow those procedures, we just disallowed the cost.

Procedures apparently do not function the same way at HUD. There is not that rigorous adherence to the Federal procurement requirements.

Senator SASSER. One final question, Mr. DelliBovi, and I thank the Chairman for yielding this time to me.

What role do you see for consultants in the future administration of HUD?

Mr. DELLIBOVI. Well, I do not see them buying and selling favors at HUD. I do not think that there should be a role for anything that looks, smells, or appears to be influence peddling.

HUD is open for business, in the words of the Secretary, but it is not for sale.

Senator SASSER. Thank you very much.

And thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Sasser. That was a good, strong statement, and precisely the one that we need to hear, and that the country needs to hear, and that needs to be the every-day, 24-hour-a-day practice in HUD at all levels.

It is essential that, with this cloud hanging over HUD in terms of past practices, that that is worked through, and that we establish that we are on an entirely new and different footing today. We are not going to have any of the kinds of activity go on that has gone on in this area in the past that we have just been discussing.

I want to insert into the record a letter from the National Association of Home Builders, dated May 30th, 1989, in which they support the confirmation of your nomination. They speak favorably of your past experience in this letter.

It is signed by Shirley McVay-Weissman. We will make that letter part of the record. I will submit the remainder of my questions for the record.

National Association of Home Builders

15th and M Streets, N.W., Washington, D.C. 20005
Telex 89-2600 (202) 822-0200 (800) 368-5242

Shirley McVay Wiseman
1988 President

May 30, 1989

The Honorable Donald Riegle, Chairman
Committee on Banking, Housing and Urban Affairs
United States Senate
Washington, D.C. 20510

Dear Chairman Riegle:

On behalf of the more than 155,000 member firms of the National Association of Home Builders, I wish to offer our support for the confirmation of Alfred A. Dellibovi to be Under Secretary at the U.S. Department of Housing and Urban Development.

Mr. Dellibovi's experience as the Administrator of the Urban Mass Transportation Administration at the Department of Transportation, as a four term elected Member of the New York State Assembly, and as a successful real estate developer and former educator will serve him well in his future capacity.

We respectfully urge prompt consideration and confirmation of this appointment.

Sincerely,

Shirley McVay Wiseman

Shirley McVay Wiseman
President

The CHAIRMAN. Senator D'Amato, did you have anything else at this point?

Senator D'AMATO. Mr. Chairman, I have no further questions.

The CHAIRMAN. With that, Mr. DelliBovi, we thank you for your testimony this morning. You have been direct. You have been forthcoming to the specific issues we have raised. We appreciate it.

We will move quickly on this nomination, and we wish you well in this new assignment. We appreciate your coming before the committee today.

Mr. DELLIBOVI. Thank you.

The CHAIRMAN. And with that, that completes our work for the day, and the committee stands in recess.

[Whereupon, the committee adjourned at 11:37 a.m.]

[Biographical sketch of nominee and response to written questions follow:]

98-683 O - 89 - 2

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: DelliBovi (LAST) Alfred (FIRST) Anthony (OTHER)

Position to which nominated: Under Secretary Housing and Urban Development Date of nomination:

Date of birth: 1 (DAY) Feb. (MONTH) 1946 (YEAR) Place of birth: Borough of Manhattan, City of New York

Marital status: Married Full name of spouse: Elizabeth L. Power DelliBovi

Name and ages of children: Robert G. 9
Christine M. 6

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Fordham College	9/63 - 6/67	A.B.	6/67
City University of N.Y., (Baruch School)	Approximately mid-69 - 6/73	Master of Public Admin.	6/73

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Assemblyman of Year, 1973, City University Student Senate

Assemblyman of Year, 1975, New York State Forensic Association

Partner in Education, 1978, City School District of New York

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Knights of Columbus		1973 to Present
Baruch College Alumni Assoc.		1973 to Present
American Automobile Assoc.		1972 to Present
American Legislative Exchange Council		1973 to 1978
Associate Member		1979 to Present

During time of service in New York State Assembly, held a variety of regular and honorary memberships in scores of civic and community groups including: Kew Gardens Improvement Association; Atlantic Civic Groups; Glendale Taxpayers; Queens County.

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work, and dates of inclusive employment.

See attached page

Employment Record -- Alfred A. DelliBovi

12/27/87	Present	Administrator, Urban Mass Transportation Administration; 400 7th Street, SW; Washington, DC 20590.
01/25/84	12/17/87	Deputy Administrator, Urban Mass Transportation Administration; 400 7th Street, SW; Washington, DC 20590.
09/15/81	01/25/84	Regional Administrator, Urban Mass Transportation Administration; 26 Federal Plaza; New York City.
07/27/81	09/15/81	Special Assistant to the Administrator, Urban Mass Transportation Administration; 26 Federal Plaza; New York City.
10/68	07/31/81	Employed in a variety of part time and full time positions on the staff and as an elected Member of the New York State Assembly; State Capitol; Albany, New York.
		After serving as a volunteer staff member for Assemblyman Alfred D. Lerner in 1966 and 1967, was appointed to the staff of the Joint Legislative Committee on the Problems of the Aging in a part time capacity in 1968 and 1969. Beginning in 1969, served on the staff of the Speaker of the New York State Assembly in November 1971 and continued until the end of the 4th term on December 31, 1978.
		Employed as a Principal Coordinator (Intergovernmental Relations) in the Office of the Minority Leader of the New York State Assembly from January 3, 1979, to December 31, 1979, and again as a session employee from January 9, 1980, to June 10, 1980, the end of the Legislative session. Employed again on June 18, 1980, and worked through July 16, 1980, at which time new campaign for elected office was begun. Returned to Assembly staff after election on Nobemmber 5, 1980, and continued through July 31, 1981, when left to enter Federal Service at Urban Mass Transportation/ Department of Transportation.
12/71	09/67	Employed as a teacher. Mater Christi High School; 2121 Crescent Street; Long Island, New York.

Government experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part-time service or positions.

1970-71 Member, Community (Planning) Board #9; Queens, New York

1979-81 New York State Assembly 196 (See above employment experience)

1981-83 Urban Mass Transportation Administration Regional Administrator

1984-12/17/87 Urban Mass Transp. Administration Deputy Administrator

12/17/87 to present Urban Mass Trans. Administration Administrator

Published writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

None

Political affiliations and activities: List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

(See attached page)

Political Affiliations and Activities -- Alfred A. DelliBovi

Republican State Legislator from 1971 to 1978

1971 to 1978, New York State Assemblyman, Founding Member of American Legislative Exchange Council (ALEC).

Republican Congressional Candidate 1978

1978, Candidate for U.S. Congress, 9th Congressional District of New York. Entered race against 17-term Representative James Delaney who dropped out and was replaced on Democratic ticket by Geraldine Ferraro.

Reagan for President 1976 and 1980

1980, 1976, Reagan for President, actively involved in New York State Campaign; participated in effort to put Reagan delegates on primary ballot and successfully worked to elect Reagan slate in Queens in both 1976 and 1980. After 1980 National Convention worked actively to help elect Reagan ticket; served on local speakers bureau, etc.

Republican Activist since High School

Prior to election to State Assembly, Mr. DelliBovi was actively involved in Queens County Republican Party. In 1966 and 1967, he served as New York State Chairman of the College Young Republicans and he was Coordinator of New York State Youth for Goldwater in 1964, and was a paid staff member of the 1965 Mayoral Campaign of John V. Lindsay.

Political contributions: Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify the specific amounts, dates, and names of the recipients.

Aggregate contributions to each of the following committees during past eight years would exceed $500 but not $1,000 for period -- for various dinners, receptions, special events, etc:

-- New York Republican State Committee

-- New York Republican Assembly Campaign Committee

-- Nassau County Republican Committee

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet)

See resume attached

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

   Not applicable -- All prior connections were severed prior to Federal Service

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

   No

3. Has anybody made you a commitment to a job after you leave government?

   No

4. Do you expect to serve the full term for which you have been appointed?

   Yes

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

Vested interest in New York State Employees Retirement System under 18 U.S.C. 208(b) waiver in 49 CFR Part 99, Appendix A.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

See attachment 5a.

3. Describe any business relationship, dealing or financial transaction (other than tax-paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

Attachment 5a

Mr. DelliBovi owns 1% of the stock of THE GEORGE WASHINGTON BANKING CORPORATION, a Virginia Corporation organized for the purchase of 100% of the outstanding common stock of the George Washington National Bank.

The Holding Company has no history but intends to be engaged primarily in the business of acquiring and owning control of a newly formed national bank.

Upon nomination to the position of Under Secretary at HUD, Mr. DelliBovi will recuse himself from all matters involving this investment.

While it does not appear that any other real or potential conflict of interest arises as a result of the responses given in this statement, should any arise, they will be resolved in a manner consistent with Federal conflict of interest laws and regulations, which essentially mandate disclosure and, in certain circumstances, disqualification by the employees.

4. List any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

(See attached page)

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items.

(See attached page)

Civil, criminal and investigatory actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

(See attached page)

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None

4. Lobbying Activities

As a New York State Assemblyman, Mr. DelliBovi submitted evidence for the record to a Senate Committee which was considering legislation regarding the "two-party payment checks" process for certain welfare recipients.

With this exception, in the last 10 years, Mr. DelliBovi has not engaged in any of the specified lobbying activities either as a private citizen or as a Federal employee, who are barred by Federal statute from engaging in lobbying activity.

5. Revolving Potential Conflict of Interest

While it does not appear that any real or potential conflict of interest arises as a result of the responses given above, should any arise, they would be resolved in a manner consistent with Federal conflict of interest laws and regulations, which essentially mandate disclosure and, in certain circumstances, disqualification by the employee.

Civil Criminal and Investigatory Actions

1. Full details of civil or criminal proceedings

-- Civil action instituted against Mr. DelliBovi and others on July 10, 1973. Harwood v. Assembly Republican Campaign Committee, et. al. Case #9415-73. Nassau County Supreme Court. Dismissed for failure to state a cause of action, October 24, 1973. Stipulation of discontinuance entered into between parties on June 3, 1974. Appellate Court order encompassing stipulation signed on June 17, 1974. Matter terminated.

-- On December 13, 1974, Mr. DelliBovi was charged with conspiring "in the distribution of political literature to the injury of another political party," a violation (misdemeanor) of sections 446 and 457 of NYS Election Law. This action was dismissed on January 24, 1974, by State Supreme Court Justice Burton B. Roberts. On April 11, 1974, the New York Appellate Division in the First Department unanimously affirmed the Roberts' decision, and on April 25, 1974, the Manhattan District Attorney announced his decision not to appeal the case further.

Alfred A. DelliBovi

5731 Wooden Hawk Lane
Burke, Virginia 22051

Office: (202) 366-2513
Home: (703) 250-2335

SUMMARY

A 20-year career in management and finance highlighted by: 7 years of elective service in the New York State Assembly, with emphasis on banking, insurance, and consumer affairs; 8 years of Senior Executive experience in the U.S. Department of Transportation, culminating in a Presidential appointment as Administrator with full responsibility for 500 employees and $3.75 billion annual budget; active partnership in a profitable real estate company; and a Master's Degree in Public Administration.

EXECUTIVE EXPERIENCE: U.S. GOVERNMENT

ADMINISTRATOR — 1987 - Present
Urban Mass Transportation Administration
U.S. Department of Transportation

Appointed by the President of the United States with the advice and consent of the Senate to manage a multi-billion dollar capital and planning program and provide national leadership to all sectors of the transit industry, public and private. This challenge is being met through innovative policy leadership and strong, effective management of UMTA and its 500 employees.

Accomplishments:

- Developed a variety of initiatives to make urban transit financially viable with a reduced burden to the Federal taxpayer through such creative funding options as the encouragement of small-business entrepreneurs, the creation of public-private financing partnerships, and the development of dedicated sources of local funding.

- Initiated an aggressive Human Resources Management program to reward high performers and weed out poor performers who refuse to be motivated.

- Created an Office of Transit Safety to help transit operators enhance the safety and security of the riding public.

- Simplified and reduced the paperwork associated with grant applications. Streamlined the grant process to speed delivery and reduce production cost.

DEPUTY ADMINISTRATOR — 1984 - 1987
Urban Mass Transportation Administration
U.S. Department of Transportation

Accomplishments:

- Developed a Project Management Oversight program to provide under contract in the private sector a mechanism for monitoring federally funded capital construction projects to assure quality, economy and on time completion.

- Designed and implemented a new efficient field structure in w[illegible] 10 Regions were merged into 5 Areas without loss of quality or responsiveness of service, but with significant savings in overhead and staff.

- Created a program for monitoring attrition and hiring which has enabled the Agency to absorb a 20% reduction in staff over a 4-year period while showing an overall improvement in organizational performance and productivity.

- Oversaw the development and installation of sophisticated office automation and management information systems.

REGIONAL ADMINISTRATOR 1981 - 1984
Urban Mass Transportation Administration
U.S. Department of Transportation

Managed all UMTA programs in New York, New Jersey, and Connecticut. Reorganized the Regional Office with a resultant improvement in employee morale and organizational productivity which made the office a model that was replicated by several other UMTA Regions.

LEGISLATIVE EXPERIENCE: STATE GOVERNMENT 1969 - 1981

MEMBER, NEW YORK STATE ASSEMBLY

As an elected State Legislator, represented a New York City district (1971-1978). Developed significant legislation in areas of Consumer Affairs and Economic Development, Banking and Credit, Mass Transit, and Insurance.

NEW YORK STATE ASSEMBLY

From 1969 to 1971, served as Director, Public Relations Unit establishing and managing a service facility for legislative members that produced news releases, speeches, brochures, newsletters, and direct mailings. From 1979 to 1981, served as Coordinator of Intergovernmental and Public Affairs, carrying out a comprehensive legislative and community relations program in New York City.

ENTREPRENEURIAL EXPERIENCE

PARTNER, BROOKLYN TOWNHOUSE BUILDERS, INC. 1979 - 1981

Investor-Developer acquiring buildings suitable for rehabilitation, arranging financing, planning and managing construction, and designing and implementing marketing plans.

EDUCATION

Master of Public Administration, Baruch College, City University of New York, 1973

Bachelor of Arts, Fordham College, 1967

Q.1 Programs you have advocated in the past have built on the idea of partnership as a means to solve the Nation's urban problems. Over the last several years, a traditional mechanism for employing such partnership--tax exempt bonds--has been severely limited. With this in mind, please comment on the following:

a) The tax exemption on mortgage revenue bonds (MRBs) which helps low- and middle-income families purchase a first home, is scheduled to expire on December 31, 1989. Do you favor the extension of the MRB program? Why or why not?

b) The Tax Reform Act of 1986 lowered the acceptable private use of tax exempt bond proceeds from 25% to 10%. Many local communities argue that this change has hindered their ability to generate public-private partnerships. Do you favor changing the 10% use threshold?

c) Do you favor relaxation of any other restriction -- i.e. volume caps, arbitrage rebate -- imposed on tax exempt bonds in the Tax Reform Act of 1986?

d) If the Federal government proceeds with the closing of military bases, do you believe the Federal government should aid the communities which stand to suffer substantial economic distress? If so, do you believe that tax exempt bonds could serve any role in the economic development of these communities?

A. Mr. Chairman, I believe as Secretary Kemp does that the tax code can be used effectively to promote desirable social policy goals; particularly in the areas of homeownership, economic development and job creation, expanding low-income housing opportunities.

A major role of the Department of Housing and Urban Development will be to determine what tax provisions exist or can be developed to support programs to help expand housing for low-income families and first-time homebuyers, and to advocate their adoption within the Administration and in Congress. Among my specific responsibilities involving the development of HUD policies and programs will be to coordinate a thorough review of the tax code; gaining the

programmatic review and recommendations of key policy staff and working directly with the Office of Management and Budget, and other Federal agencies to win approval of our views.

Q.2. Twenty years after enactment of the Civil Rights Act of 1968, the Congress enacted enforcement teeth for the law's fair housing title. Lead Federal responsibility for ensuring that individual housing discrimination complaints are settled expeditiously and fairly rests with HUD. What steps will the Department be taking under your leadership to assure that the Federal government will not tolerate unfair and unequal treatment in the housing market because of race, religion, sex, handicap, or familial status? What financial resources and staff support do you estimate are needed at the State and local level, as well as within the Department to enforce the Fair Housing Amendments?

A. Vigorous enforcement of the newly strengthened Federal fair housing law is one of the top priorities of President Bush and Secretary Kemp, and one which I fully share. HUD has issued the implementing regulation and is now in the process of hiring a substantial number of new investigators and attorneys, and is providing training both for existing and new staff to carry out the Act's critical enforcement mandates.

The House and Senate Appropriations Committees approved a request for reprogramming HUD funds last fall, which met the Department's most pressing staff and financial needs. However, a $3.5 million supplemental request is pending before the Congress which will fund additional investigative staff and critically needed travel in support of investigations.

In addition, HUD's FY 1990 Budget proposal requests still more staff representing, since enactment, a total increase for the Department (including Administrative Law Judges) of over 220 for fair housing enforcement.

Since more than 70% of fair housing complaints received are referred to State and local agencies. HUD has and will continue to conduct a number of training sessions for state and local agency personnel who will be handling familial and handicap complaints under contract with HUD on an interim basis until they achieve certification under the new law. Under the Title VIII amendments, those agencies are given up to four years to bring their laws up to the new Federal standard.

In the interim, the Department will be examining the Fair Housing Assistance Program and Fair Housing Initiatives Program to ensure that they are modified to continue to provide maximum support for state and local agencies in their efforts to enforce amended state and local laws.

Q.3 **What role, if any, do you feel that the Federal government should play in providing housing for low and moderate income Americans?**

A. Senator Riegle, the Federal government's role in providing housing is statutory and has been reaffirmed many times. I believe in the goals of the National Housing Act, and I believe that the Federal government's active involvement is essential if we are to achieve the goal of a decent home and a suitable environment for all Americans.

My testimony reiterated the six goals for housing and community development set forth by President Bush and Secretary Kemp. These goals clearly indicate that the Federal government will be an advocate for and a provider of housing opportunity and affordability.

I pledge that, if confirmed by the Senate, I will focus my managerial and administrative skills on making the most effective use of scarce Federal resources and on ensuring that we devote those resources to those who are most in need; to subsidize the poor, not the developers.

I would add that I consider an additional role of the Federal government to be one of serving as a catalyst for the development of new housing opportunities, for tenant management and homeownership, and for the development of partnerships involving all levels of government, the private sector and nonprofits. I look forward to working with this Committee to develop the legislation necessary to expand this

important role and reaffirm the Federal Government's ability and responsibility to effectively respond to social and economic needs of its citizens.

REQUEST FOR HOMELESS POPULATION ESTIMATE

Mr. Chairman, during my confirmation hearing, you requested that I (the Department) initiate contacts with individual states to compile estimates of their respective homeless populations, then report the total to the Committee. Before relying on such information, we need to determine the methodology used to develop individual state estimates. The states already provide such estimates in their Comprehensive Homeless Assistance Plans (CHAPs), but the ranges and quality of the data vary widely.

As you know, the Secretary of HUD serves as the Chairman of the Interagency Task Force on the Homeless. Following his confirmation as Chairman at the Council's first meeting on April 3, Secretary Kemp outlined his goals for the Council. Among those goals was the establishment of a permanent field coordination network through HUD's regional offices; to establish contacts with state and local shelter providers and program administrators, to promote the use of McKinney Act programs and to encourage the development or expansion of innovative homeless programs.

With this support we will proceed with your request and produce a report which represents a rational and unified compilation of state homeless population estimates.

○